

OFFICIAL DISPATCH

VIA AIR
SPECIFY AIR OR SEA POUCH

DISPATCH NO. WASH 5438
(CC 2689)

CLASSIFICATION

TO : Chief, Foreign Division
attention: [redacted]
FROM : Chief of Station, Vienna
SUBJECT: GENERAL - Operational
SPECIFIC [redacted] Progress report

DATE: 2 MAY 1950

References: WVA-5064, WVA-2192 and WSH-9918

1. The transfer of Botti to [redacted] to [redacted] was not successfully carried out on 21 April when Botti met with [redacted] in the latter's room outside of Salzburg. This location was selected because it is in a secluded sort, there are no other Hungarians in the vicinity, and the house is surrounded by bushes so that the case officer's car parked inside the yard towards the back of the house cannot be seen from the road.

2. The first meeting was devoted largely to establishing cordial relations and briefing [redacted] for his coming visit to WASHBECOMAG. On 25 April, Botti flew from Salzburg to Munich on his flight for his Welfare Committee. After a luncheon engagement with KOTARSKI and some mutual friends on the following day, [redacted] arranged to meet with him that evening at a flat in the present location with the FEDERAL letter and requested his aid. [redacted] first questioned him about the time lag between the date he received the letter (December 1949) and his present action, and after receiving the explanation that Botti had been in further correspondence with FEDERAL and had spent the rest of the time surveying the possibilities, agreed to do what he could. WASHBECOMAGness to accept FEDERAL's letter without further questioning and ordered him to explain to the fact that he was aware that similar letters had been sent to other Hungarian immigrants.

3. [redacted] stated that his network had been functioning since last July and that as a result of this instability, many of his agents - [redacted] others were no longer available. He had tried to keep his organization together and had solicited support from other agencies, especially the Hungarian National Council. However, the latter, as always, had implied by letter to [redacted] that they previously informed him that they had no intention of continuing their organization because it was composed of military and civilian (i.e. political, etc.) and had proved itself to be a security

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DATE 2006

4. Nottle 10 asked KOVACS to draw up an outline of his proposed operation and it was arranged that Nottle 10 pick this up on his next trip to Bucharest scheduled for 2 May. KOVACS was asked to describe everything in the greatest detail and to give complete biographical information on all persons involved. Nottle 10 also stipulated that while KOVACS would retain operational control of his net, Nottle 10 would perforce have the final decision in all matters and have the power to veto the use of any persons he deemed undesirable. Only under these conditions could KOVACS receive any support. KOVACS was completely agreeable and made only two stipulations: 1) that FEIFFER remain ignorant of the organizational and operational details since he was essentially a politician and could not be trusted to maintain the necessary security, and 2) that care be exercised in channeling information to him for broadcasting since such untimely revelation might often compromise an agent. Nottle 10 agreed that these two stipulations were quite necessary and stated that he had no intention of giving FEIFFER any operational information.

5. It seemed advisable in view of the close-knit quality of the Hungarian community in Germany and Austria to arrange the first meeting between KOVACS and Nottle 10 openly. It would have been impossible, as a matter of fact, to conceal it from Gen. ~~LEPPNEK~~ and Gen. ~~GOETZ~~ of Vienna since both are well acquainted with KOVACS, and Nottle 10 used their good offices in meeting him. However, future contacts between the two will be arranged secretly and KOVACS was instructed to state that Nottle 10 had seen him in connection with the latter's activities as a pre-war military historian and had questioned him regarding the history of his unit during the last weeks of the war. Nottle 10 himself was not questioned concerning the purpose of his contact with KOVACS.

6. KOVACS told Nottle 10 that he had at one time worked with General ZAKO but had since broken off all connection with him. He felt that ZAKO could not be trusted in intelligence operations as he sold his information to the highest bidder whether American, French or British, and KOVACS believed that there had been several irregularities in the ZAKO group's finances. He warned Nottle 10 to be particularly circumspect in his dealings with all Hungarian espionage offices as ZAKO probably had informants in each one. Nottle 10 inferred from KOVACS' conversation that the ZAKO group had presently in some difficulty, either from a split within its own ranks or with the French. He himself had received that impression from a conversation with ~~HORPONAY~~ during a trip to Innsbruck in March.

7. Other evidence to the same effect has reached us from CIA where informant ~~THOMAS~~ (a friend of Nottle 10's and the source of the information on ~~Vernon~~ ~~DEAN~~ in RAV 5387, 312/2872) stated that the French had withdrawn support from General ZAKO. The latter blames ~~HORPONAY~~ and ~~DEANTONIO~~ for this and is presently trying to align himself with KOVACS and ~~DEANTONIO~~. It is not known whether the French have simply cut ZAKO out of the operation retaining the rest of the net under ~~DEANTONIO~~ or whether the whole group has been dropped. KOVACS did not say in any

information on this split and it did not seem advisable to question him at the time. When we have studied his plan of operation, we hope to be able to determine how much of this is true by seeing how many of the former ZAKO agents he plans to use.

8. Nottile 10 also learned from General HENKELI that ZAKO is presently in Spain. HENKELI believes that many of his extreme right-wing supporters in the Brotherhood of Hungarian Warriors may follow him there; also ZAKO seems to have received a cordial welcome.

9. In conclusion, KOVACI stated that he was registered for immigration to the United States and was awaiting clarification of his status as an ex-officer. He promised that he would organize his operation so that once started it could continue without his presence, and even consented to stay on in Europe if his wife and children could proceed independently to the United States.

10. Although we have not yet received approval of our project outline submitted in DAVA-5084, we are continuing to develop Nottile 10 on the basis of the authority granted in DAS4-9518.

2-Vise
2-Hash
2-Files

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